

## Message Text

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73

ORIGIN EB-07

INFO OCT-01 ARA-10 EUR-12 IO-10 ISO-00 L-02 FRB-01 OMB-01

TAR-01 SP-02 AGR-10 AID-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-02

CEA-01 EA-10 /093 R

DRAFTED BY EB/OT/GCP:ELWILLIAMS:LPP

APPROVED BY EB/OT/GCP:DJDUNFORD

STR:TGRAHAM

TREASURY:JJOHNSON

ARA/ECP:SFOUTS

ARA/EP:FCORRY

----- 070222

R 150151Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS STATE 058655

E.O. 11652:N/A

TAGS: ETRD, PE, CI, VE, CO, EC, BL

SUBJECT: ANDEAN PACT AND GSP

REF: LIMA 1867

1. EMBASSY MAY INDICATE THE FOLLOWING IN RESPONSE TO

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QUESTIONS RAISED BY ERIK SUPPER OF UNCTAD (PARA 2 OF

REFTEL) RE COMPETITIVE NEED LIMITATIONS OF TITLE V (GSP)  
OF TRADE ACT.

A. IS THERE POSSIBILITY OF WAIVING COMPETITIVE NEED  
CRITERIA TO BENEFIT INTEGRATION GROUP? TITLE V CONTAINS  
NO RPT NO SPECIFIC PROVISIONS FOR EXEMPTING REGIONAL  
GROUPINGS SUCH AS ANDEAN PACT FROM COMPETITIVE NEED  
CEILINGS.

B. IS THERE POSSIBILITY OF WAIVING COMPETITIVE NEED  
CEILINGS TO BENEFIT SPECIFIC PRODUCTS? YES, IN PART.  
SECTION 504(D) PROVIDES THAT THE 50 PERCENT (OF TOTAL  
VALUE OF U.S. IMPORTS IN A CALENDAR YEAR) LIMITATION  
WILL NOT RPT NOT APPLY IF NO RPT NO "LIKE OR DIRECTLY COM-  
PETITIVE ARTICLE" IS PRODUCED IN THE UNITED STATES. WHAT

IS NOW 25 MILLION DOLLAR CEILING WOULD STILL APPLY, BUT  
WOULD INCREASE (OR DECREASE) ANNUALLY IN PROPORTION TO  
PERCENTAGE GROWTH (OR DECLINE) IN U.S. GROSS NATIONAL  
PRODUCT.

C. COULD REFERENCES TO "HISTORICAL PREFERENTIAL TRADE  
RELATIONSHIP" AND "TREATY OR TRADE AGREEMENTS IN FORCE  
COVERING ECONOMIC RELATIONS"--SECTION 504(C)(1)(B)(I) AND  
(II)--BE INTERPRETED TO INCLUDE ANDEAN PACT COUNTRIES?  
FROM INDICATIONS IN THE LEGISLATIVE HISTORY OF THE ACT  
THE TYPE OF PREFERENTIAL RELATIONSHIP ENVISAGED WOULD  
APPEAR TO APPLY ONLY TO THE PHILIPPINES UNDER PRESENT  
CIRCUMSTANCES. (FYI - NO DECISION HAS BEEN MADE AS TO  
WHETHER OR NOT TO USE THIS AUTHORITY WITH RESPECT TO  
PHILIPPINES - END FYI.) INGERSOLL

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## Message Attributes

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**To:** LIMA  
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